

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 008844

SIPDIS

E.O. 12958: DECL: 11/22/2015

TAGS: [PGOV](#) [PREL](#) [PINR](#) [EPET](#) [ETTC](#) [KCRM](#) [IN](#) [IR](#)

SUBJECT: CONGRESS FACING A DOMESTIC "PERFECT STORM"

REF: NEW DELHI 08571

Classified By: Political Counselor Geoff Pyatt, for Reasons 1.4 (B, D)

1. (C) Summary: With Parliament set to convene on November 23, the Congress-led United Progressive Alliance (UPA) government is reeling from assaults from its left and right and faces a series of political events that could undermine its stability, including the UPA defeat in the important Bihar election, and an impending Supreme Court Ruling on the constitutionality of the President's dismissal of the Bihar government (septel). With the BJP-led National Democratic Alliance set to demand former Foreign Minister Natwar Singh and Congress Party President Sonia Gandhi's resignations over the oil-for-food scandal (reftel), few of our contacts believe that Natwar is innocent of wrongdoing or are willing to come to his defense, and suspicion of possible Congress malfeasance runs deep. Most interlocutors believe that Sonia Gandhi will eventually have to drop Natwar from the Cabinet. Congress miscues have contributed to a growing perception that Prime Minister Manmohan Singh is too weak to manage alone the oil-for-food scandal, or the controversies surrounding the now-deferred IAEA vote on Iran and the UPA's dissolution of the Bihar Assembly. BJP and Left critics view the Natwar affair as the an opportunity to attack a UPA already weakened politically by its IAEA vote. The Left, chastened by the NDA's Bihar victory, has agreed to tone down its attacks in Parliament and is unlikely to withdraw its support for fear of consigning itself again to irrelevance and the country to right-wing Hindu rule. However, the Left Front (LF) has joined with regional parties in a "Left and Secular Alliance," is increasingly combative and could grow more powerful if Congress fails to manage the political maelstrom. End Summary.

The Anti-Congress Matrix

2. (SBU) This is not a good time for the Congress Party. A set of issues has combined to erode its political integrity and place it on the defensive. With Parliament set to convene on November 23, the LF on November 22 agreed to tone down its attacks on the UPA in Parliament, as it was satisfied that Congress was responding to its concerns regarding Iran in the IAEA. This will not assure a smooth Parliamentary session, however, as the NDA Parliamentary delegation plans to raise questions on the UPA's dissolution of the Bihar Assembly, the alleged Congress role in the oil-for-food scandal, the GOI's September 24 vote against Iran at the IAEA, and alleged KGB payoffs to Congress leaders during the Cold War. The NDA will focus on perceived Congress malfeasance and corruption, demanding Natwar's resignation from the cabinet and Sonia Gandhi's resignation as party President, as the proper response to the oil-for-food scandal and the dissolution of the Bihar Assembly.

Congress Vulnerable

3. (SBU) Poloffs queried contacts from across the political spectrum to determine their views on Congress prospects. Those from Congress confirmed that their party faces a time of increased political vulnerability but, in typical fashion, claimed full faith in Party President Sonia Gandhi's ability to handle the crisis. They also characterized the UPA decision to keep Natwar in the Cabinet as a Minister without Portfolio as a face-saving gesture rather than a genuine expression of support. Most believed that Natwar would be expelled from the Cabinet after a decent interval.

Congress Hits the Natwar Iceberg

4. (C) Sonia is reportedly very displeased with the turn of events prompted by the Volcker report. Hanspal, an Ex-President of the Punjab Congress Committee, noted that while the Volcker scandal could hurt Congress nation-wide, it could particularly effect Punjab, where Congress faces stiff competition from the Sikh regional party, the Akali Dal, and the Chief Minister is a Natwar relative. Herkewaljit Singh, Editor of the Punjabi Daily Ajit, pointed out that the Volcker Report could open a Pandora's box of corruption, implicating Congress in further scandals. Echoing those sentiments, Ilya Azmi, a BSP MP from Uttar Pradesh, speculated that the Natwar episode was just the tip of the



iceberg and would reveal other skeletons in the Congress closet. He pointed out that if Congress is implicated in a cascade of scandals, its strength will be sapped as it contests assembly polls in West Bengal, Assam, Kerala, and Tamil Nadu next year. This has forced the party to move quickly to support what are likely to be painful investigations in hopes of clearing its name.

Natwar Singed

-----

15. (SBU) Congress contacts expressed frustration at the damage caused to the Party image by Natwar's failure to manage the Volcker report. They focused on Natwar's hysterical reaction to the scandal and avoided substantive discussion of the far more embarrassing corruption issues that it raised, although most were more than willing to point the finger at Natwar's son Jagat Singh. Sonia Gandhi clearly demonstrated her displeasure by ordering Natwar not to attend further meetings of the Jawaharlal Nehru and Indira Gandhi Foundations. He has heretofore played a leading role in both.

16. (C) Ammar Rizvi, an MLA and senior Congress leader in Lucknow, suggested that Natwar's refusal to step down before challenging the Volcker findings embarrassed his party and the UPA government. Rizvi claimed that this has led many within Congress to write Natwar off and downplay his importance as part of their damage control strategy. Rizvi pointed out that Natwar is an elitist politician without a mass base who failed to deliver his own caste (the Jats) in the last assembly elections. Freelance journalist Zafar Agha maintained that the Congress rank and file are steering clear of the Natwar affair, content to let Sonia defend the Party against corruption charges. Such superficial support, he pointed out, may not be enough to prevent this bundle of crises from spreading further.

The BJP and Left Smell Blood

-----

17. (SBU) BJP and Leftist contacts viewed the Natwar scandal as the beginning of a "perfect storm" that has presented them with an opportunity to score political gains against Congress after months of opposition drift. While the Left has benefited from its consistent opposition to UPA policies, the BJP has been searching for its own issue. BJP contacts confirmed that the Natwar affair has rejuvenated their party by providing them with the resonant issue they were hoping for. They were particularly elated that the Volcker report, while flawed in their eyes, was issued by the United Nations, which is still viewed by most Indians as a credible world body. This, they argued, makes it difficult for Congress to dismiss the Volcker findings.

Comment: Buckle Your Safety Belts Congress

-----

18. (C) Congress' ability to weather this perfect storm will depend on whether Sonia Gandhi and PM Singh can present cogent responses to multiple crises occurring at the same time. The party's performance so far has been short of the mark. Should Congress continue to present a weak face, it could begin to present a picture of a party in disarray and decline, emboldening its critics from the Left and the right, compelling regional parties to re-examine their commitment to the UPA, and fostering political realignments that could render this government more unstable. While Sonia leads the Congress effort in Delhi, it seems adrift and without a focused strategy in the states, where it must fight crucial upcoming elections. The drifting BJP has the most to gain politically and should get a much-needed shot in the arm from the NDA electoral victory in Bihar. However, the BJP/RSS leadership struggle is still not resolved. The Left appears bent on portraying itself as the defender of India against alleged US bullying, and is trying to convince more regional parties to sign up for a new Left coalition that might eventually challenge the UPA. In India, even such farfetched political constructs should not entirely be ruled out.

BLAKE